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Message Text

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12
ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 TRSE-00 XMB-02 OPIC-03 SP-02 CIEP-01

LAB-04 SIL-01 OMB-01 DODE-00 PM-04 H-02 L-03 NSC-05

PA-01 PRS-01 SS-15 NSCE-00 SSO-00 USIE-00 INRE-00

SAM-01 SAJ-01 /082 W
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O 191029Z NOV 76
FM AMEMBASSY LISBON
TO SECSTATE WASHDC IMMEDIATE 9259

C O N F I D E N T I A L LISBON 8016

DEPT PASS TREASURY FOR SYVRUD

E.O. 11652: GDS
TAGS: PGOV, PFOR, EAID
SUBJ: GOP ATTEMPTS TO SECURE PRIVATE FOREIGN CREDITS

REF: (A) LISBON 7920, (B) LISBON 7980

1. FURTHER EMBASSY CONVERSATIONS CONFIRM THAT BANK OF PORTUGAL (BOP) HAS FORMALLY REQUESTED MANUFACTURERS HANOVER TRUST COMPANY AND CREDIT EYONNAIS TO ORGANIZE PRIVATE BANK CONSORTIUM FOR A LOAN TO PORTUGAL. CONSORTIUM LEADERS WILL ATTEMPT TO FORM CONSORTIUM COMPRISED OF ONE PORTUGUESE, FOUR EUROPEAN AND FIVE AMERICAN BANKS. EACH PARTICIPANT WOULD PLEDGE A MINIMUM OF $30 MILLION, PROVIDING A TOTAL OF $300 MILLION. FUNDS WOULD BE AVAILABLE BY SECOND HALF OF JANUARY 1977. BOP ASKING FOR TERMS OF FIVE YEARS AT 1-1/2 PERCENT ABOVE LIBO. PRIVATE BANKS ASSERT THAT THIS INTEREST RATE IS RATHER LOW, BUT AGREE THAT PORTUGUESE AND AMERICAN BANKS MAY ACCEPT IT. LEADER BANKS ORIGINALLY REQUESTED NEGATIVE GOLD PLEDGE, BUT WITHDREW THEIR REQUEST WHEN BOP REFUSED. BOP DID, HOWEVER, PROMISE TO INFORM CONSORTIUM MEMBERS
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OF ANY SUBSEQUENT OPERATIONS THAT INVOLVE PORTUGAL'S

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GOLD RESERVES.

2. COMMENT: PRESS LEAK OF POSSIBLE USG BALANCE OF PAYMENTS ASSISTANCE (REF B) HAS COMPLICATED BOTH OUR AND GOP POSITIONS, BUT IT OBVIOUSLY HAS STIMULATED PRIVATE BANKING SECTORS' INTEREST IN EXTENDING PORTUGAL MEDIUM TERM LOANS.
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Disposition Authority: CunninFX
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